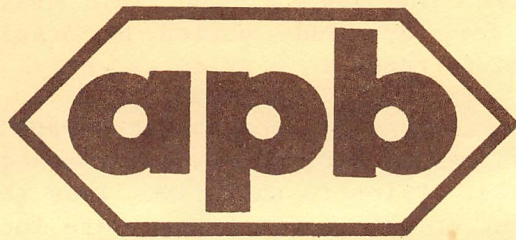


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HOUSING VALUES SKYROCKET

The Area Planning Board recently completed a study entitled The Housing Market in Palm Beach County: 1970 to 1980. The report reveals that the average value of a single-family house within the urbanized county has increased by 213 percent. The average housing value has grown from \$20,500 in 1970 to over \$64,000 in 1980. The value of a house has increased faster in Palm Beach County than in Florida, the southern United States and the nation as a whole.

The material presented in the study details the housing market in 1970 and 1980. The change in the market, especially in terms of housing value and affordability, is examined. The market within the urbanized area of Palm Beach County is delineated by geographic areas in order to assess changes in the spatial pattern of housing values. In order to establish an understanding of the housing market, an analysis of current values, past trends, and future implications is presented. General reasons behind these changes are discussed.

The report shows that housing value increases have not been uniformly distributed. Some areas of the County have experienced increases of over 700 percent in housing values while other areas have had increases of less than 40 percent. The disparity may be attributed to several factors including location, land improvement and community development. Housing values have increased at a rate substantial enough to price many individuals out of the conventional housing market.

During the time period examined, there has been a modification in the housing stock.

In the early 1970's, the housing stock was comprised mainly of single-family homes. A gradual change in construction activity has resulted in the current parity between single and multi-family residences.

An interesting observation of the late 1970's has been an upset in the customary housing market in Palm Beach County. When interest rates increase this generally results in a decline in housing values, but this did not occur. This situation implies that local economic conditions dictate the housing market more than state-wide or national trends. The County's market has resulted from an economy dominated by patterns of high consumption, socio-economic considerations of the population and speculation. These factors have resulted in a housing market which is characterized by large lots, large houses and numerous amenities.

Projections presented in the report indicate that, by the year 2000, housing will reach an average value of \$140,000. If these increases are not matched with proportional increases in income, more individuals will be priced out of the housing market. There will, however, remain a number of people who purchase single-family housing due to new financing techniques or income and equity considerations.

In the past 10 years, housing values have exhibited soaring appreciation. The Table in this newsletter illustrates housing values for the United States, the Southern region, Florida, and the Palm Beach County Urban Area. The annual percent change and total for the time period examined are enumerated. High increases in housing values were experienced in every area

surveyed. The housing values for the United States and the South are reflective of new housing, while Florida and Palm Beach County estimates include the entire housing stock.

Housing values averaged an annual percentage increase in the United States of 11 percent for new housing, whereas in Palm Beach County the increase averaged 12 percent for all housing. Over the 10 year period, the national percentage increase in housing value averaged 187 percent. By comparison, a house purchased in Palm Beach County in 1970, would on the average have increased over 200 percent by 1980. Locally, housing values are increasing at a faster rate than in the state or nation.

To better understand the change in the housing market between 1970 and 1980, it was necessary to investigate the percentage distribution of housing values by census tract for the time period. This analysis provides insight into the overall cost distribution of housing in Palm Beach

County. The figure shows this distribution for the study period by displaying the past trends in 6 price ranges.

The percentage of census tracts with housing values of \$10,000 or less reached zero by 1973. Prior to that time, less than 11 percent of the census tracts were included in that price range. By early in the decade, no census tracts had housing valued below \$10,000.

Similarly, housing valued in the range between \$11,000 and \$20,000 declined steadily from 1970 to 1976. In 1970, 49 percent of all census tracts were valued below \$20,000. By 1976, only 5 percent of the census tracts remained in this range. In 1976, the County had no census tracts with a housing value under \$20,000.

The percentage of census tracts with housing values of \$21,000 to \$30,000 increased rapidly until 1973. Between 1973 and 1975, however, there was an 8 point decline in the percentage of census tracts in this range. Such a decline typically

SINGLE-FAMILY HOUSING VALUES

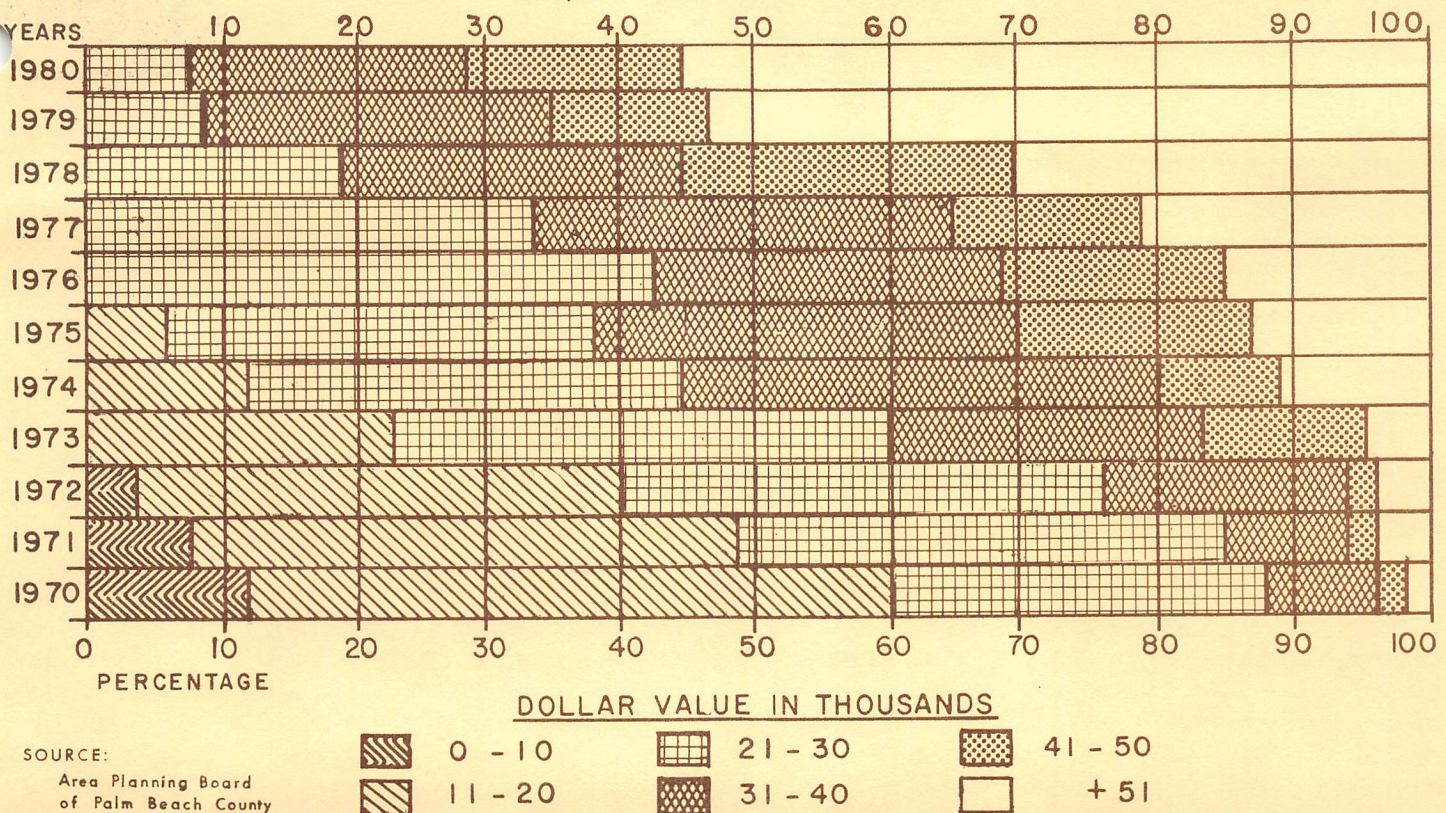
United States			South		Florida		Palm Beach County	
Year	Value	% Change	Value	% Change	Value	% Change	Value	% Change
1980	76,300	6.3	69,200	8.5	54,500	6.0	64,100	17.0
1979	71,800	14.9	63,800	14.8	51,400	6.2	54,800	12.3
1978	62,500	15.3	55,600	15.6	48,300	6.6	48,800	8.2
1977	54,200	12.5	48,100	3.9	45,300	5.4	45,100	11.4
1976	48,000	12.7	43,800	10.9	43,000	10.8	40,500	6.3
1975	42,600	9.5	39,600	7.6	38,800	10.9	38,100	5.0
1974	38,900	9.6	36,800	11.8	35,500	7.8	36,300	16.7
1973	35,500	16.4	33,200	16.5	33,000	10.0	31,100	18.7
1972	30,500	7.8	28,500	10.0	30,000	11.9	26,200	9.2
1971	28,300	6.4	25,900	7.9	26,800	11.7	24,000	17.0
1970	26,600	-	24,000	-	24,000	-	20,500	-
Change	49,700	186.8	45,200	188.3	30,500	127.1	43,600	212.7

SOURCE: Area Planning Board of Palm Beach County



DISTRIBUTION OF HOUSING VALUES

(Compiled From A Census Tract Survey)



is attributable to the displacement of housing to a higher price range. In this particular instance, however, it is more probable that the decrease resulted from prevailing unstable economic conditions.

The percentage of census tracts with housing values between \$31,000 and \$40,000 climbed steadily until it peaked in 1974. Since that time, it has declined as a result of the expansion in the number of census tracts with housing values above \$50,000. This is due, in part, to new construction and the increased value of the existing housing stock. These higher housing values dominated the market by 1979.

The average value of housing in Palm Beach County has substantially increased while, at the same time, the percentage of census tracts distributed in the higher value ranges has also increased. The percentage distribution of census tracts with housing values below \$30,000 declined from 28 percent to 8 percent in 10 years. The percentage of census tracts with housing values between \$30,000 and \$50,000 nearly tripled during the same period. Substantial expansion has also occurred in the

percentage of census tracts with housing values over \$41,000. Between 1970 and 1980, this group increased from 4 to 72 percent of all tracts. The analysis points out that the housing market in Palm Beach County substantially shifted to higher housing values.

Copies of the report may be obtained from the Area Planning Board.

Industrial Revenue Bond Financing Seminar

The Area Planning Board and the Economic Council of Palm Beach County will sponsor a seminar on Industrial Revenue Bond Financing on Friday, October 23, 1981 at the Jupiter Beach Hilton. Major topics to be covered include the legal background of the bond program, the use of the bonds in Palm Beach County and the role of the bond broker and financial institution. Registration fee is \$10.00. For more information contact the Area Planning Board at 683-9450.



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